

Remarks at Town Hall of California

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Thank you very much, Jim.* It's a pleasure for me to be back. I would like to note that you first invited me to speak to you in 1980, just two years after I had taken office as Director of the FBI. You've now invited me back two years after I became Director of Central Intelligence. I don't know whether that's an apprentice period before I'm eligible to speak to you, but I can hardly wait to see on the next job that I hold.

Jim Miscoll and I were talking at lunch about some of the surprising events that have been taking place, particularly in the Soviet Union. I'm sure that most of you followed with interest the Soviet elections last Sunday and the astonishing surge of independent expression, most of it aimed at reform, that resulted from the elections to the new council. I think it's part of the Gorbachev experience.

I was a little amused at the experienced public figure in Leningrad who was defeated without opposition. I remember that when I was a young lawyer, the biggest fear that you had was that somehow you would lose an uncontested divorce case.

Well, there are a lot of things going on in the Soviet Union that I wish I had time to discuss, but that's not what I'm here to talk about today, even though they're interesting and in some sense positive, at least with respect to the impact of glasnost. And we could debate endlessly about the implications of perestroika. It is producing some humor and President Reagan, particularly, took an interest in the stories that were coming out of the Soviet Union on perestroika, and we used to deliver them to him when they came back from our officers in the field. One of these involved Gorbachev's effort to determine the status of perestroika in some of the outlying areas of the country. So he sent a representative to the Urals to visit the small towns. The man went to a village and asked to see the mayor. He talked around the subject for a while, and then he said, "What do you think about perestroika?" And the mayor said, "We like perestroika." "Has it been good to you?" "Yes, it's been very good to us." And the representative said, "Tell me, do you have any television sets here in the village?" And the mayor said, "Oh yes, we have television sets here. We have television sets, I believe, in every hut in the hamlet. In fact, in some huts there are two or three television sets." "Tell me about refrigerators." "Oh yes, we have plenty of refrigerators here in this village." The representative looked the mayor in the eye and said, "By the way, do you

* James P. Miscoll, Executive Vice President, Bank of America Southern California, and Chairman, Town Hall of California.

know who I am?" And the mayor said, "Oh yes, I know who you are. Who else but a CIA agent would come into a village with no electricity and ask me questions like that?"

Well, I hope that we can keep our respective responsibilities on that kind of a note. There are some good things going on all over the world.

But I think it's ironic that at a time when the United States and the Soviet Union have agreed to eliminate a whole class of weapons with the INF Treaty, Third World nations are building up their own arsenals. This afternoon, I want to talk about the proliferation of nuclear, chemical, and biological weapons—weapons that pose new dangers to regional stability and to the interests of the United States. I want to discuss the proliferation of ballistic missiles, which are capable of delivering these weapons of mass destruction rapidly and over great distances. And I want to discuss the role intelligence plays in our government's efforts to stem proliferation of these weapons and their means of delivery.

Since the first detonation of a nuclear explosive device in 1945 and the subsequent first use of nuclear weapons in warfare that same year, the world has lived with the perennial threat of nuclear proliferation. In the early 1960s, President Kennedy predicted that there could be 15 to 20 nuclear states by 1975. But in 1989, as in the 1960s, there are still only five countries which possess declared (that is, acknowledge possessing) nuclear arsenals—the United States, the Soviet Union, China, Britain, and France.

This is not altogether reassuring. While there are still only five declared nuclear powers, there are a number of other countries that have simply not acknowledged a nuclear weapons capability. Several countries either possess a nuclear device or can fabricate and assemble one on short notice, and I'm talking about in a matter of weeks. Others are developing key nuclear technology that could later be used for a nuclear explosive, should the decision be made to do so. And there are still other countries that are in the early stages of nuclear technology research and development.

Clearly, nuclear technology research has a number of applications. To be of nuclear proliferation concern to our government, a country must have technical know-how and, in addition to that, political intent. Technical know-how requires years of research and development. Once the technical means are in place, a country is in a position to develop nuclear explosives—if a decision is made to do so.

But intent—that is, the political will and the desire to sacrifice what are often limited national resources to begin developing nuclear weapons—requires a conscious decision at the highest levels of government. Seldom do we have hard

evidence of this kind of intention. By developing a civilian nuclear program, a country can postpone a decision to begin weapons work until much of the basic research and development have been done.

There are a number of serious dangers inherent in nuclear proliferation. First is the obvious danger that nuclear weapons might be used in regional conflicts—particularly in areas of high tension and instability such as the Middle East and South Asia. Second, newly established nuclear powers could enter a nuclear arms race that might be politically destabilizing and, in itself, increase the likelihood of an outbreak of war. Third, the sheer quantity and distribution of nuclear weapons and nuclear material across the globe could increase the risk of theft, sabotage, and use by terrorists.

For potential proliferators the key to a weapons program is acquiring plutonium-239 or highly enriched uranium. Sensitive and highly specialized technologies are required to obtain enough of these materials for even the simplest nuclear weapon. The ability to acquire and master these technologies determines how quickly a nation can develop and produce nuclear weapons. You can see the need for a heavy emphasis on protecting the fuel when the technology is so readily available.

These sensitive nuclear technologies are subject to U.S. and international export controls. But nuclear technology can still be acquired illicitly and clandestinely through the use of front companies, falsification of export documents, and multiple transshipment points—we call that diversion. It is also possible to order equipment or material that is just below the export control guideline but which, in the aggregate, would be subject to controls.

Attempts to control equipment and material are complicated by the fact that many nuclear technologies are dual-use—in other words, they can be used for both nuclear and non-nuclear purposes. This makes it harder to control nuclear exports and increases the difficulty of determining whether such a weapons program may, in fact, be under way. And that, of course, is part of our job.

In our view, nuclear nonproliferation efforts—including treaties, organizations, and export controls, ways to focus and spotlight the problem—represent an indispensable element of common security for mankind.

As one part of that effort, the United States has long promoted the peaceful use of nuclear energy because of its fuel economy and reliability, as well as for its important applications in medicine, industry, and agriculture. We support technical assistance programs to nations that have subscribed to the Nuclear Non-Proliferation Treaty. Despite the treaty's growing success over 20 years—140 nations are now treaty parties—a handful of countries that are considered likely candidates for nuclear proliferation have not yet agreed to it.

We do bring to bear on the nuclear proliferation problem numerous intelligence assets and strategies. We begin with the premise that it takes some years under the best of conditions—given a reasonably sophisticated nuclear energy and research program—for a nation to develop a nuclear weapons capability.

There are both technical and political tip-offs that raise red flags for intelligence analysts in the community who closely study the nuclear proliferation problem. Our analysts not only look at the technical capabilities that are under development, they also consider whether these activities really make sense for purely civil reasons. For example, we would be concerned if a nation began developing a difficult and expensive uranium enrichment capability if its existing nuclear power reactors did not require it.

Still, developing a nuclear weapons capability requires a lengthy commitment of time and a major commitment of resources.

We cannot say the same of a nation's ability to develop a chemical and biological weapons capability—weapons that have been called the poor man's atomic bomb. Twenty years ago, only five countries possessed chemical weapons. Today, more than 20 countries may be developing these weapons, and at least 10 countries are working to produce biological weapons.

Unlike nuclear arms, chemical and biological weapons offer a cheap and readily obtainable means of redressing the military balance against more powerful foes. The technology required for chemical and biological weapons is simpler than for nuclear weapons, and their production is harder to detect, monitor, and control.

But like nuclear proliferation, the ability to limit proliferation of chemical and biological weapons requires international agreements and requires cooperation in their enforcement.

After the First World War, the use of chemical weapons was outlawed by signers of the 1925 Geneva Protocol. During World War II—even during the most desperate battles—both sides refrained from using such weapons—weapons that Winston Churchill referred to as "that hellish poison."

The Iran-Iraq war ended that restraint and set a dangerous precedent for future use. The Intelligence Community has considerable evidence that Iraq used chemical weapons against Iran and also against Iraqi Kurds. Iran, too, employed chemical weapons against Iraqi troops.

As in the case of nuclear technologies, much of the equipment needed to produce chemical and biological weapons is dual-use in nature. All of the equipment needed to produce chemical warfare agents can also be used to produce industrial chemicals, and many pharmaceutical or pesticide plants could be converted to chemical weapons production. In appearance they are almost indistinguishable. The equipment, materials, and expertise needed to produce biological warfare agents all have legitimate uses in the pharmaceutical and medical industries. With currently available technology, biological warfare agents can be produced at such a rate that large stockpiles are no longer necessary. Actually, any nation with a modestly developed pharmaceutical industry can produce biological warfare agents, if it chooses. I'm sure that you've read many accounts during the last several months about chemical and biological weapons. You may know, too, that Congress is very concerned about weapons proliferation. Both last month and earlier this month, I testified before Senate committees on the subject.

The conference on chemical weapons in Paris last January contributed a great deal toward galvanizing national and international concern. The United States also participates in negotiations for a global chemical weapons ban at the Geneva Conference on Disarmament. We are one of 40 members of this conference. Earlier this month, Secretary of State Baker proposed that we bring together governments and representatives of the international chemical industry to discuss the increase in international trade of the chemicals and technology needed to produce these weapons.

As for biological weapons, the United States and 110 other countries have signed the Biological and Toxin Weapons Convention of 1972. This convention prohibits the production, development, and stockpiling of these weapons, but contains no provisions for formal verification.

The Intelligence Community has and will continue to investigate the technical and political tip-offs that raise red flags about a nation's development, production, and incentives for using chemical and biological weapons. We will also continue to track and report on the illegal transfer of material for such weapons. We provided, I think, significant intelligence support to our own policymakers in specific reference to the chemical weapons plant in Libya. And, while it has been embarrassing to at least one country, because of its citizens' cooperation with the development of that plant, that focus of attention is producing progress in limiting its use and its threat.

The ability to develop a weapon and deliver it to a distant target with a nuclear, chemical, or biological warhead significantly increases the threat to global security. Until recently, we were primarily concerned about the proliferation of

ballistic missiles used mainly as the delivery vehicles for nuclear weapons. Now we see a threat that these missiles could be used to deliver chemical and biological weapons as well as nuclear and conventional weapons. We thus see that chemical weapons, particularly in tense regions of the world, have moved on from tactical to strategic importance.

Ballistic missiles armed with conventional warheads were used against civilians last year, when Iran and Iraq launched scores of missiles at each other's capitals in the "war of the cities." These missiles made the Iran-Iraq war a harbinger: missiles have now become, it appears, an acceptable means of waging war in the Third World.

By the year 2000, at least 15 developing countries will be producing their own ballistic missiles. Although missiles being developed by these countries are somewhat crude and inaccurate, many of them have capabilities well beyond battlefield range and can strike in a matter of minutes. Once fired, they cannot be called back. I think there is no city in the Middle East that is now immune from this threat.

Ballistic missiles convey important new political and military status to those who acquire them, so that's an incentive. Many of the countries where these missiles are being developed are in the Middle East—an area where we have important security interests, and where regional tensions are highest. Even a short-range ballistic missile provides Middle Eastern countries with a truly strategic weapon system.

Like nuclear, chemical, and biological weapon programs, Third World missile programs rely on foreign technology to some degree. But much of this critical technology is already diffused throughout the world. It's available for other purposes or can easily be diverted. Third World countries are extensively sharing technology, and they are increasingly pooling their resources and technical know-how.

Another disturbing development we have seen is the outright transfer of complete missile systems from one country to another. This could become a way for developing countries to leapfrog ahead of the competition, although most countries will still seek to develop their own indigenous missile capabilities. We can also look for Third World countries themselves to become major exporters of missiles and missile technology—just as we see the threat that an oversized chemical plant in Libya can become a political and economic brokering point for Colonel Qadhafi.

In April 1987, seven industrial nations—the United States, Canada, France, Britain, Italy, Japan, and West Germany—announced the formation of a Missile Technology Control Regime, which we call MTCR. The MTCR was designed to

limit transfers of technology and equipment that could make a contribution to nuclear-capable missiles. While it has had some success, it does not include some of the key players in today's missile and advanced technology market. The agreement also doesn't reduce the incentive or ability of Third World nations to develop ballistic missile technology on their own.

The Intelligence Community is closely following efforts by Third World nations to acquire or develop ballistic missiles. By providing timely information on missile proliferation, we are supporting policymakers in their efforts to make the MTCR more effective. And we are supporting the policymakers in their efforts to dissuade non-members of the MTCR from marketing their missiles.

Assessing the proliferation of nuclear, chemical, and biological weapons, as well as ballistic missiles, is among the most difficult challenges that we in the Intelligence Community face. I believe it is also among our most important tasks. For, in our time, we have reached a point where agreements to limit weapons of mass destruction are absolutely critical. And on each nation's willingness to control and limit such weapons will depend the security of all nations throughout the world. The intelligence that we provide our policymakers, therefore, becomes increasingly important in developing and verifying international agreements and in making wise decisions in the interest of our country.

I'd like to make one final point about our work, and it is that the intelligence we provide to the policymakers on the Soviet Union, advanced weapons proliferation, terrorism, and many other issues is not easy to come by. In fact, it sometimes comes at great cost to the men and women of American intelligence. And I think of that every time I walk through the main foyer of our headquarters building, where stars have been carved in the wall for those who have given their lives in the line of duty.

In the nearly two years since I was appointed Director of Central Intelligence, I have met with many of our intelligence officers, both at home and abroad. I have observed firsthand the success of our operations in managing a myriad of very complex issues—issues so complex that we often rely upon sophisticated technical systems such as satellites in the sky. But our most important resource in the Intelligence Community has always been—and will continue to be—our people. It is their creativity, their determination, and their courage that spell the difference between success and failure.

With such people we can continue to provide the intelligence that policymakers need in order to make wise decisions in the interests of our national security. This is what you expect of us, what I believe all Americans expect of us, and I can assure you we are doing our very best to supply it to you.